Integrated Reporting Framework (IReF)

Integrating and standardising the reporting

BANCA D'ITALIA
EUROSISTEMA

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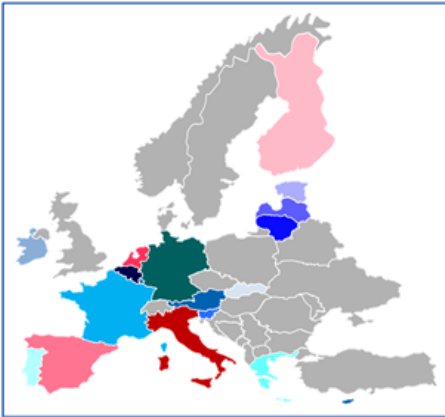Statistical Data Collection and Processing Directorate

Outline

Outline

What is the IReF trying to achieve?

Cross country standardisation

Statistical requirements differ across countries

ECB-UNRESTRICTED
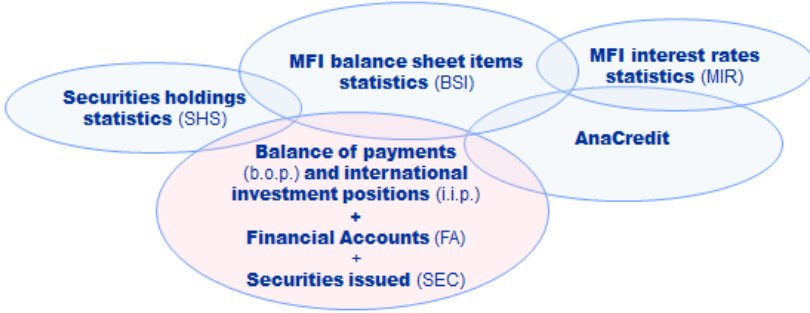
AnaCredit

SHS

MIR

BSI

19 countries

19 different national specifications

19 different implementations per framework

5

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Redundancy free reporting

Datasets currently in scope of the IReF

Securities holdings statistics (SHS)

MFI balance sheet items statistics (BSI)

MFI interest rates statistics (MIR)

Balance of payments (b.o.p.) **and international investment positions** (i.i.p.)
+
Financial Accounts (FA)
+
Securities issued (SEC)

AnaCredit

➤ Plus residency-based datasets by international organisations (BIS, IMF)

8

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Statistical requirements differ across countries

AnaCredit

SHS

MIR
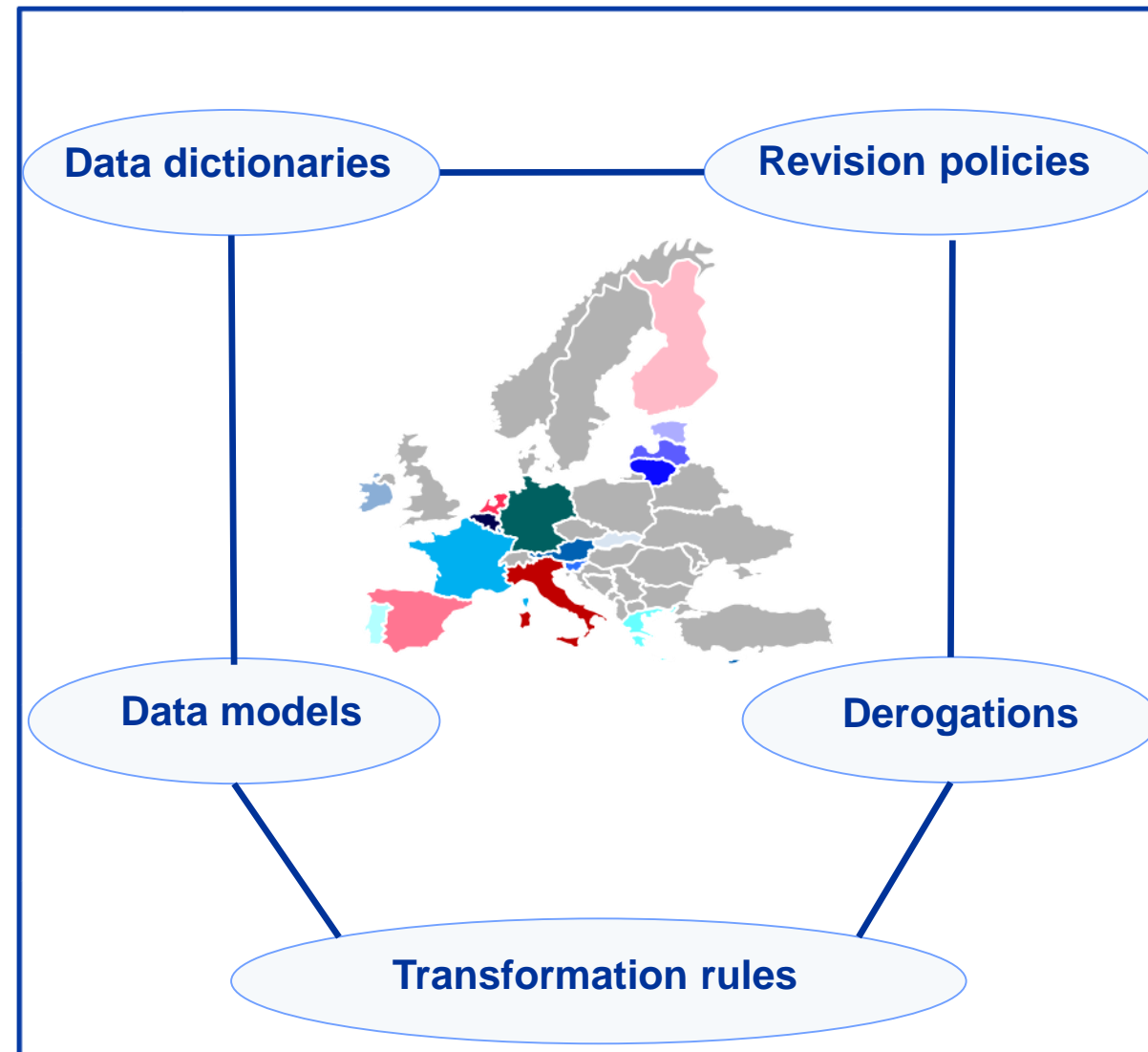
BSI

Data dictionaries

Revision policies

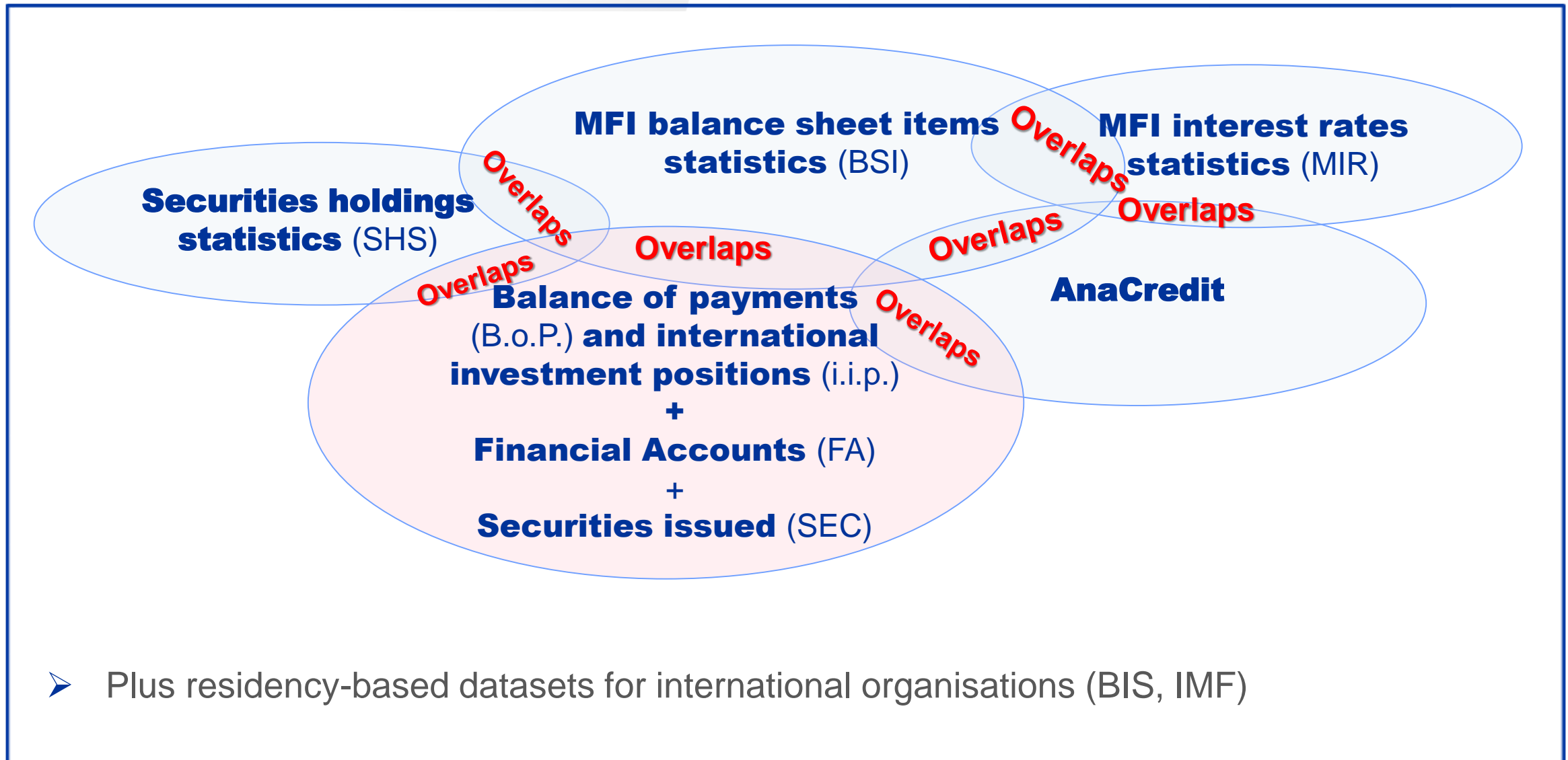Data models

Derogations

Transformation rules

19 countries

↓

19 different national specifications

↓

19 different implementations per framework

Datasets currently in scope of the IReF (1/2)

MFI balance sheet items statistics (BSI)

MFI interest rates statistics (MIR)

Securities holdings statistics (SHS)

Overlaps

Overlaps

Overlaps

Overlaps

Overlaps

Overlaps

AnaCredit

Balance of payments (B.o.P.) **and international investment positions** (i.i.p.)
+
Financial Accounts (FA)
+
Securities issued (SEC)

➢ Plus residency-based datasets for international organisations (BIS, IMF)

Datasets currently in scope of the IReF (2/2)

EUROPEAN REPORTING

Securities holdings statistics (SHS)

MFI balance sheet items statistics (BSI)

MFI interest rates statistics (MIR)

Overlaps

Overlaps

Overlaps

Overlaps

Overlaps

Balance of payments (B.ø.P.) international investment positions (i.i.p.)
+
Financial Accounts (FA)
+
Securities issued (SEC)
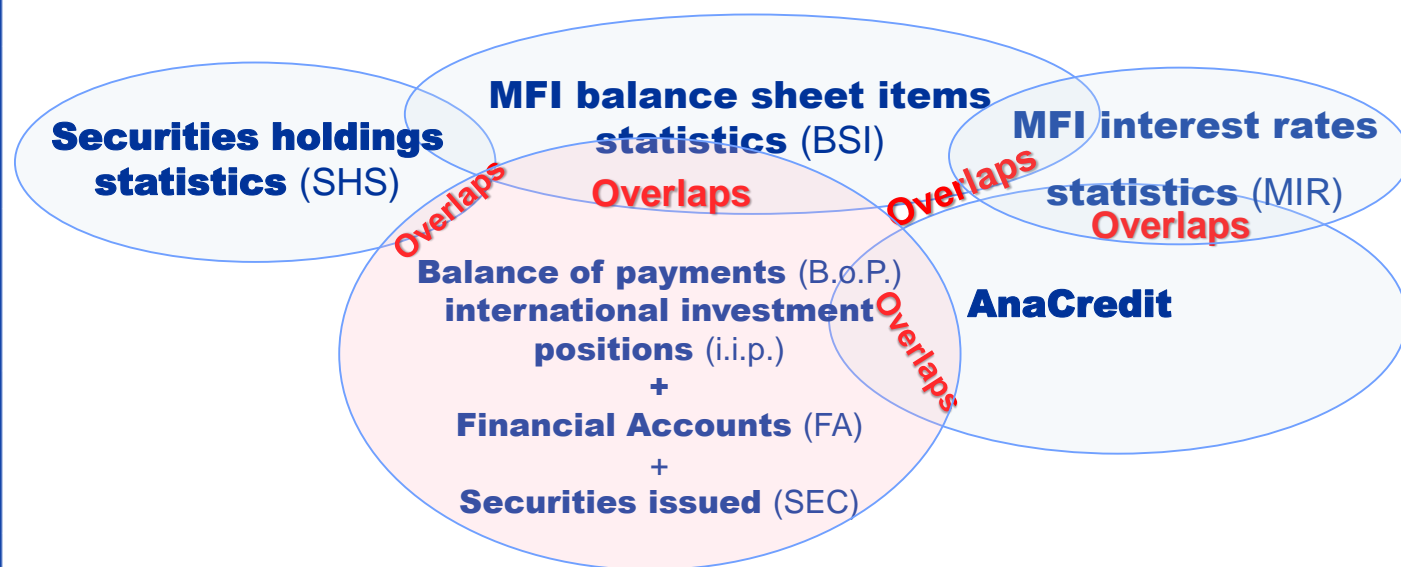
AnaCredit

Plus residency-based datasets for international organisations (BIS, IMF)

ITALIAN REPORTING

Matrice dei conti (basi A1 e A2)

BSI, MIR, SHS, B.o.P. and i.i.p., FA, SEC

Overlaps

AnaCredit

Integration and standardization are the solutions

IReF

AnaCredit

MFI interest rates statistics (MIR)

MFI balance sheet items statistics (BSI)

Securities holdings statistics (SHS)

Balance of payments (B.o.P.) and international investment positions (i.i.p.)

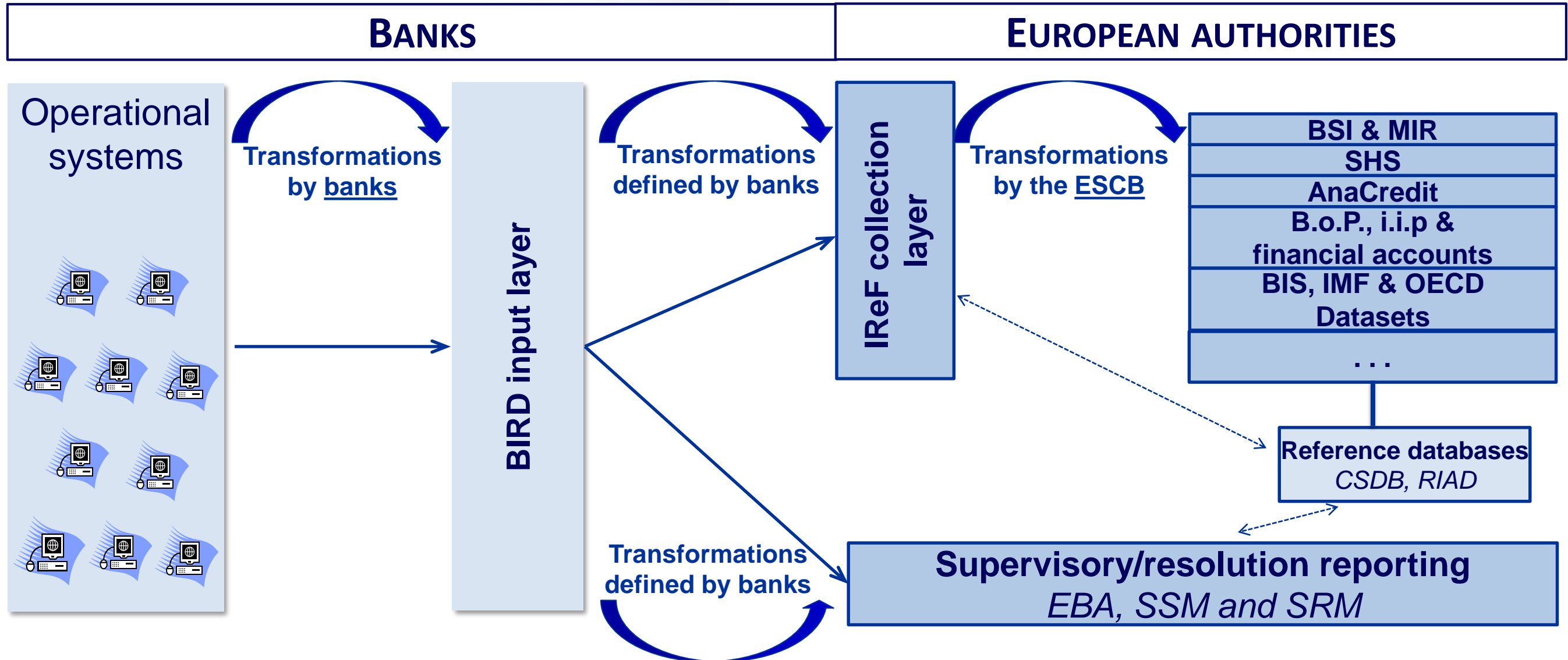Financial Accounts (FA)

Securities issued (SEC)

ONE REGULATION

ONE DICTIONARY

ONE REVISION POLICY
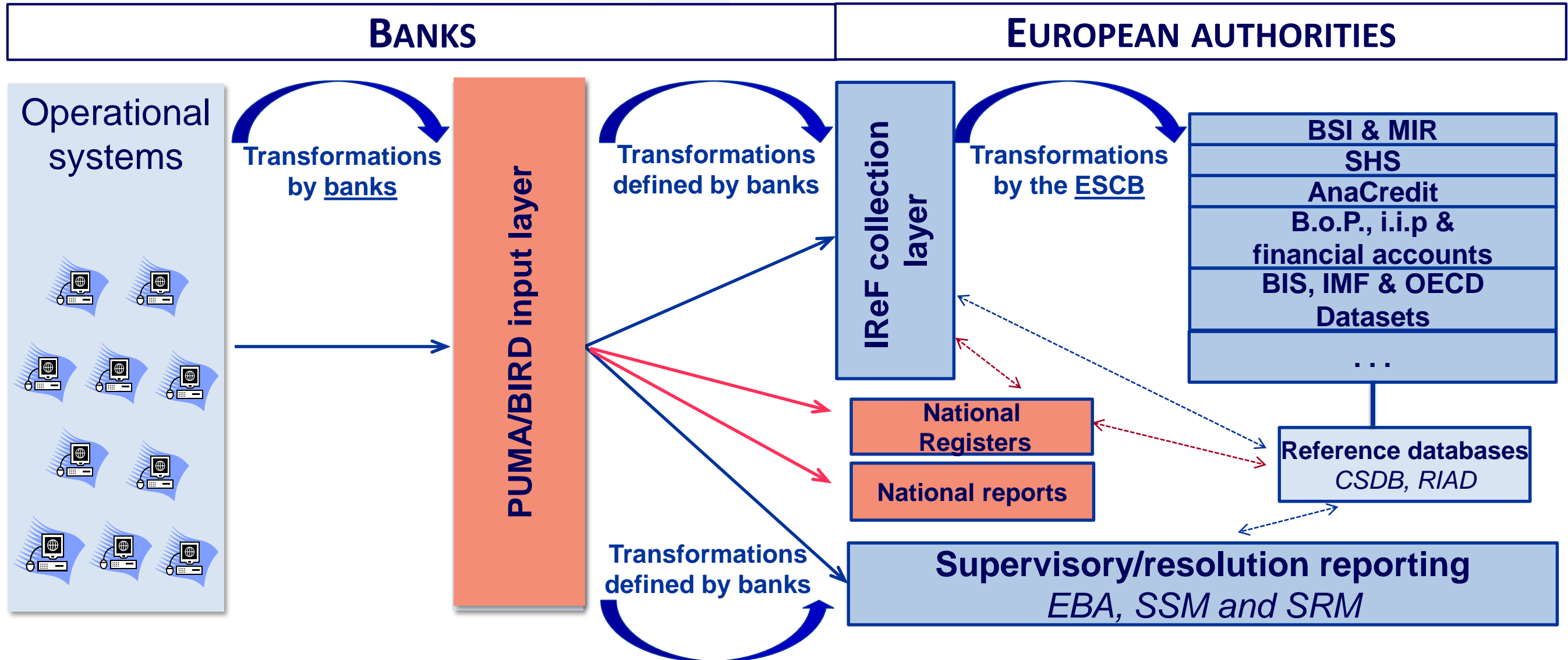
ONE DEROGATION SCHEME

The future of the ESCB reporting

The future of the Italian reporting

Cost-benefit analysis

➢ Assess the impact of the IReF in close cooperation with the banking industry and other relevant stakeholders [compilers and users]

➢ Two steps:

  ➢ Qualitative Stock-Taking (QST) questionnaire on the state-of-play across domains and countries [conducted in 2018]

  → to help design scenarios on data collection and statistical production aspects (e.g. reporting dates, data frequency, derogations/sampling, transactions)

  ➢ Cost-Benefit Assessment (CBA) questionnaire [Nov 2020 – Feb 2021]

  → to explore preferences across the scenarios with a view to identifying the optimal approach that would best suit the industry and Eurosystem/ESCB (questionnaire plus draft scheme)

Outline

Basis for the proposed draft scheme

Guiding principles regarding the development of the draft scheme:

➢ Mostly based on majority responses according to the QST results

➢ Avoid redundancies if possible

➢ Use of the Standard Reporting Dictionary (definitions and code lists)

Current Draft scheme:

➢ Depicted as Entity Relationship Model (ERM)

➢ Represents a baseline scenario which does not indicate a preference

➢ Many of the design choices will be tested in the CBA with alternative solutions

The draft IReF scheme (1/2)

Granular data

➢ Loans to legal entities

➢ Holdings of securities

➢ Issued securities

➢ Custodian data

Aggregated data

➢ Loans to natural persons (non-individual)

➢ Deposits

➢ Derivatives

➢ Cash
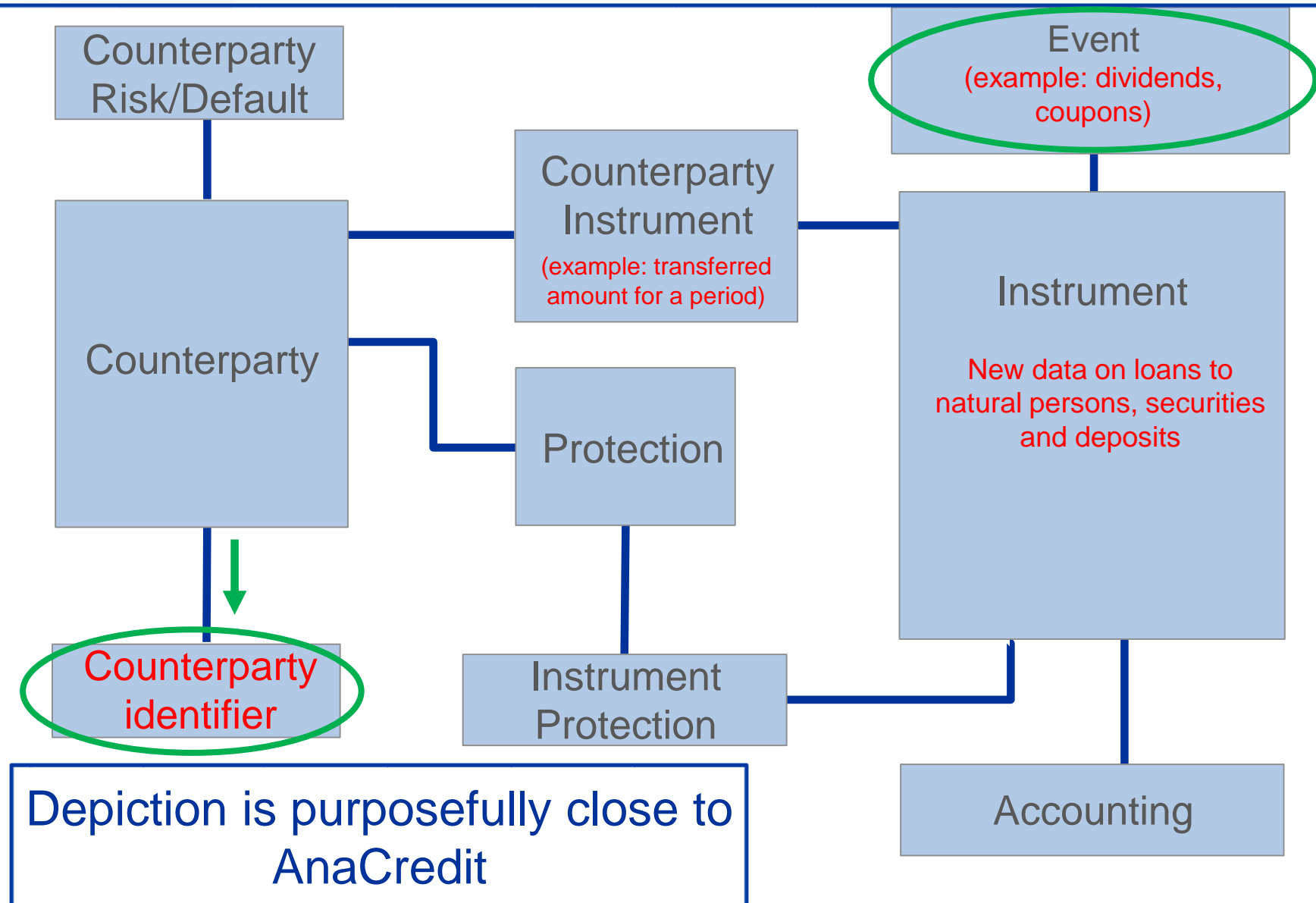
➢ Other equity

➢ Remaining assets and liabilities

Criteria for selection:
- **Type of Reporting Agent**
- **Type of reporting (full vs derogated)**
- **Type of data (granular vs aggregated)**
- **Frequency and timeline**
- **Sample of MIR**

The draft IReF scheme (2/2)

IReF depiction
- ➢ **Counterparty identifier** table allows for multiple identifiers
- ➢ **Event** table to potentially collect mostly flows
- ➢ **Instrument**: Several new variables and measures
- ➢ **Counterparty instrument:** Limited additions to deal with securitisations and transfers

Counterparty Risk/Default

Counterparty

Counterparty Instrument

(example: transferred amount for a period)

Protection

Event
(example: dividends, coupons)

Instrument

New data on loans to natural persons, securities and deposits

Counterparty identifier

Instrument Protection

Accounting

Depiction is purposefully close to AnaCredit

Outline

Cost-benefit assessment – main issues

Assessment of benefits and implementation/regular costs regarding:

1. IReF features arising from the integration of existing requirements

2. Additional features not related to the integration of existing requirements

3. Integration of requirements common to several NCBs

4. Integration of country specific requirements

5. Data transmission timelines

6. Derogation scheme

7. Derivation and reporting of transactions

8. Implementation aspects

around 50 questions

Cost-benefit assessment – main issues

1. IReF features arising from the integration of existing requirements (1/2)

Collection of custodian data on ISIN securities	
Proposed scenario	Collect instrument-level data on ISIN securities for which the reporting/observed agent acts as custodian for legal entities for each individual holder.
Approach to instrument and issuer information on holdings of listed ISIN securities	
Assessed content	Costs and benefits of reporting the following variables that are currently not included in the baseline scenario: Information on the instrument: name of the instrument, asset securitisation type, primary asset classification, inception date, legal final maturity date, market value Information on the issuer: name of the issuer, institutional sector, address

Cost-benefit assessment – main issues

1. IReF features arising from the integration of existing requirements (2/2)

Approach to data collection from branches of euro area credit institutions	
Scenario 1 (baseline)	The head office would be responsible for the data reporting of its euro area branches under the IReF.
Scenario 2	The head office would be responsible for the reporting of IReF accounting and risk requirements, while branches would be responsible for the reporting of the remaining IReF requirements.
Scenario 3	Branches would be responsible for the reporting of all IReF data.

Cost-benefit assessment – main issues

2. Additional features not related to the integration of existing requirements

Introduction of an additional level of granularity for multi-instrument contracts	
Scenario 1 (baseline)	Status quo: the ERM would not be extended to include a contract-level table and the information relating to the contract level would be allocated to existing tables as in AnaCredit.
Scenario 2	The ERM would be extended to include a contract level table and the information relating to the contract level would be adapted to this new table.
Allowing for a plurality of protection providers for an instrument	
Scenario 1 (baseline)	Status quo: do not allow for a plurality of protection providers in the IReF model.
Scenario 2	Allow for a plurality of protection providers.

Cost-benefit assessment – main issues

3. Integration of requirements common to several NCBs not arising from ECB Regulations

| Standardisation of the collection of flow information on securities issued	
Scenario 1 (baseline)	Granular collection of data for issuance of securities and corresponding individual flow information.
Scenario 2	Collection of data for gross issuance and redemptions at the security level, without information on individual flows.
Data requirements for financial derivatives	
Assessed content	Costs and benefits of reporting the following variables that are currently not included in the baseline scenario: • Information on the instrument: type of instrument, currency of denomination of the financial derivative, type of underlying, role in the derivative contract

Cost-benefit assessment – main issues

4. Integration of country specific requirements

→ Reduce country specific requirements as much as possible

→ Remaining country specific requirements will be modelled into an extended IReF technical layer
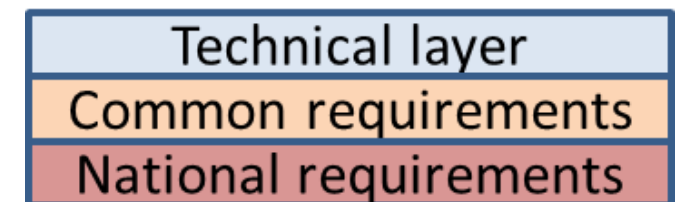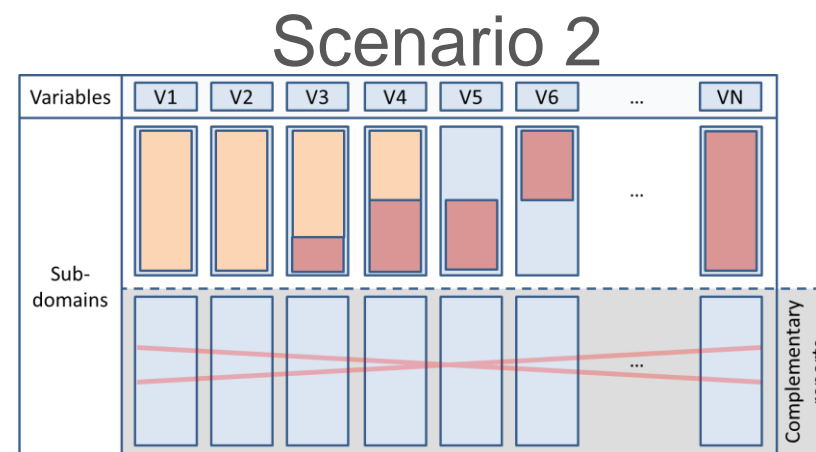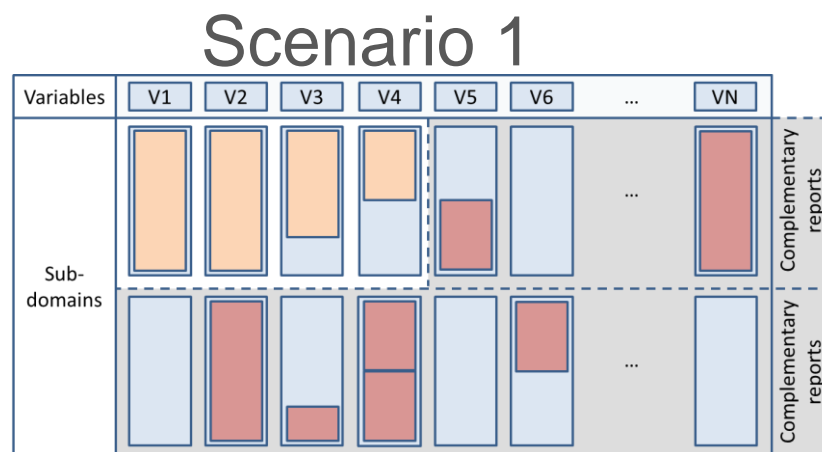
Cost-benefit assessment – main issues

4. Integration of country specific requirements

Remaining country specific requirements will be modelled into an extended IReF technical layer	
Modelling approach	
Scenario 1	Based on the extended IReF technical layer (i) a common reporting scheme would be defined that would apply in each country, and (ii) complementary reports/tables would be created on national requirements that would only be applicable in the relevant countries.
Scenario 2	Based on the extended IReF technical layer, national reporting schemes would be defined, integrating common and national requirements.
Discretion in reporting	
Proposed approach	Reporting agents should be granted the discretion to report more information than the requested minimum so as to ensure that cross-border banks transmit the same dataset across countries. The assessment is made separately for applying the approach at the level of the legal entity and across legal entities within the banking group.

Cost-benefit assessment – main issues

5. Data transmission timeline

Frequencies and deadlines	
Assessed content	Cost of reporting data requirements at the following frequencies and deadlines (as applicable): • Monthly T + 10-12 working days for deriving the aggregated monetary reports (e.g. loans) • Monthly T + 20-24 working days for the residual monthly statistics (e.g. protection data) • Quarterly T + 20-24 working days (e.g. accounting data) Respondents are offered the possibility to indicate costs of individual variables and measures under the baseline scenario.

Cost-benefit assessment – main issues

6. Derogation scheme

Derogation scheme	
Scenario 1 (baseline)	Collection of the full IReF scheme on a quarterly basis, with the same timeline as for full reporters.
Scenario 2	Collection of a simplified scheme on a monthly basis, with the same level of granularity as the IReF scheme for full reporters.
Scenario 3	Collection of a simplified aggregated scheme (i.e. no granular requirements) on a monthly basis. The subdomains applicable to the variables and measures would be defined at a detailed level – i.e. the same level of detail as the IReF scheme for full reporters.
Scenario 4	Collection of a simplified aggregated scheme (i.e. no granular requirements) on a monthly basis. The subdomains applicable to the variables and measures would be defined with a reduced set of members (e.g. "euro area" and "rest of the world" instead of individual countries).

Cost-benefit assessment – main issues

7. Derivation and reporting of transactions

Holdings of securities	
Scenario 1	Reporting agents would report the value of all sales (including securities being redeemed) and purchases during each reporting period for each instrument held at their transaction values (in line with the ESA 2010 approach), instrument-by-instrument on an aggregated basis. Compilers would derive transactions by aggregating the corresponding instrument-level data for transactions.
Scenario 2	Reporting agents would report the value of all sales (including securities being redeemed) and purchases during each reporting period for each instrument held at their transaction values (in line with the ESA 2010 approach) on a transaction-by-transaction basis. Compilers would derive transactions by aggregating the corresponding transaction level data.

Cost-benefit assessment – main issues

8. Implementation aspects

Parallel reporting	
Assessed approach	Respondents are invited to indicate how long parallel reporting should apply.
Collection of high-level requirements for an interim period	
Scenario 1 (baseline)	No aggregated high-level requirements would be collected for an interim period.
Scenario 2	Aggregated high-level requirements would be collected for an interim period.
Permanent collection of high-level requirements	
Scenario 1	No aggregated high-level requirements would be collected permanently.
Scenario 2	Aggregated high-level requirements would be collected permanently.

Cost-benefit assessment – procedural aspects

➢ **Respondent**: credit institutions and banking associations (function "reporting for")

➢ The survey is based on the **host approach**

➢ Participation is **voluntary (but recommended)**

➢ The exercise is conducted with the ESCB **survey tool EPSILON**; the access to the tool will be protected by a **password (token)**

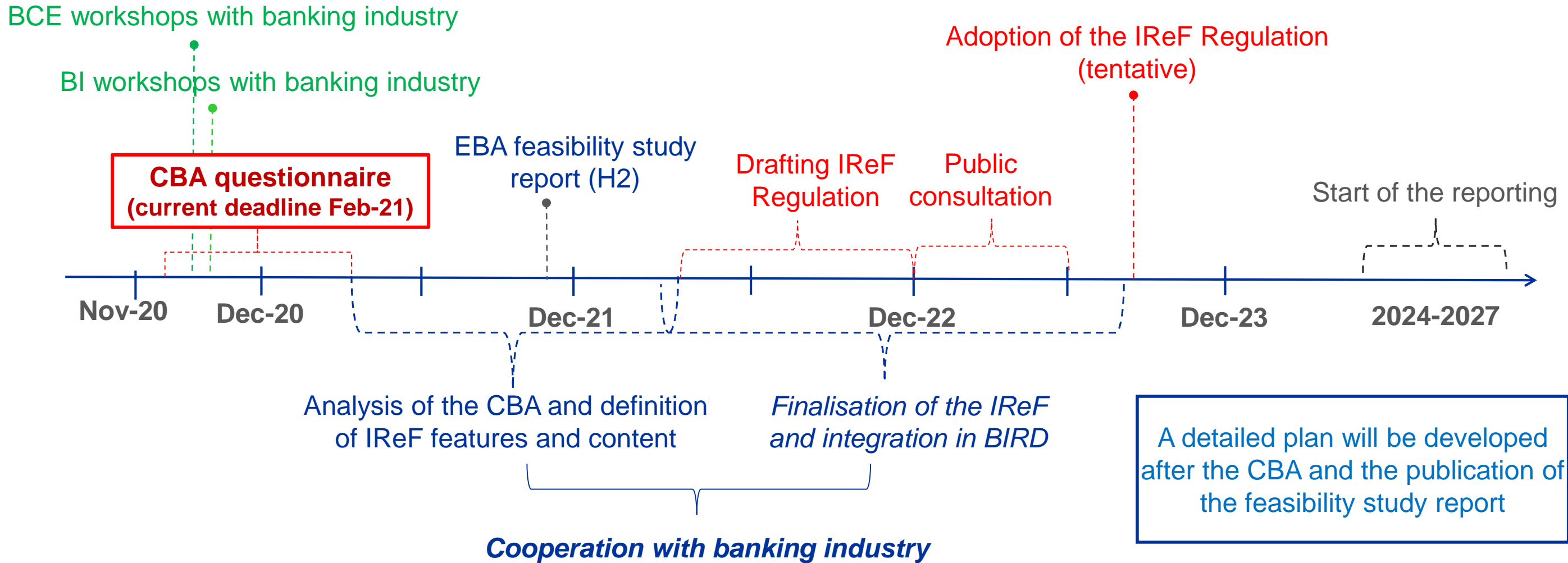➢ NCBs will have the final responsibility for the results and the summary measures at national level

Documentations: https://www.ecb.europa.eu/stats/ecb_statistics/co-operation_and_standards/reporting/html/index.en.html

Outline

IReF timeline

BCE workshops with banking industry

BI workshops with banking industry

CBA questionnaire (current deadline Feb-21)

EBA feasibility study report (H2)

Drafting IReF Regulation

Public consultation

Adoption of the IReF Regulation (tentative)

Start of the reporting

Nov-20   Dec-20   Dec-21   Dec-22   Dec-23   2024-2027

Analysis of the CBA and definition of IReF features and content

Finalisation of the IReF and integration in BIRD

Cooperation with banking industry

A detailed plan will be developed after the CBA and the publication of the feasibility study report

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